



NewsFlashes

DECEMBER 2025

Investment and Participation: The Co-op Difference

Happy holidays! I want to use this month's column to follow up on the final two areas of interest indicated in October's Member Satisfaction survey: **capital credits** and **off-peak controls**.

As a member of an electric cooperative, you invest in LREC through your revenue contribution. Each year, any margin (revenue after expenses) earned by LREC is reinvested in the cooperative. At the same time, LREC's margin is proportionally allocated, based on your share of revenue contributions during the year, and recorded to capital credit accounts for each of the members. These accounts are maintained until the credits are retired (paid) in full. Capital credits represent each member's ownership interest of the cooperative.

That being said, credits aren't paid out immediately. We also use that margin to continually invest in the cooperative through operating capital, necessary reserves, storm damage, and other expenses to ensure reliable service. When the co-op is in a financially favorable position, capital credits are issued – also called general retirement – to members following approval by LREC's Board of Directors. **The period of time between allocation and retirement varies between co-ops and is up to each organization's board.**

Once retirement is approved, capital credits are paid out to members with an active account as a credit on their monthly bill; checks are issued if an account is inactive. It's a tangible way we reinforce the **owner** aspect unique to cooperatives and acknowledges the patronage provided by our members.

Looking for more info?

Scan the QR code to learn more about capital credits.



In regard to our off-peak control programs, I want to provide some clarification and guidance in response to your comments and questions – specifically, the frequency of our load control periods, how we inform members of upcoming load control, and details on program requirements and participation.

All of LREC's off-peak programs partner with our wholesale power provider, Great River Energy; as such, load control periods experienced by our members are driven by factors affecting **GRE's entire system**—such as price changes within the energy market, increased demand, and capacity limitations. In addition, while GRE does provide a load management plan at the beginning of both winter and summer seasons, these schedules are largely developed using normal weather and market condition estimates and may need to be adjusted in response

\$1.16 Million Capital Credit Retirement

Lake Region Electric Cooperative (LREC) is proud to announce a combined retirement of **\$1.16 million** in patronage capital credits for 2025. This marks the **13th consecutive year** that LREC has retired more than \$1 million in capital credits, demonstrating the cooperative's strong financial position.

This combined retirement reflects LREC's commitment to delivering reliable, affordable electricity to its members while maintaining fiscal responsibility. By managing its resources prudently, LREC continues to build a solid financial foundation that allows the cooperative to return capital to its members. Capital credits will be distributed to individuals who were members during the years listed below.

- ▶ LREC is retiring **\$1.08 million** in capital credits to members for the years of **2008 and 2009**
- ▶ We are retiring **\$81 thousand** from **CFC (Cooperative Finance Corporation)** for the year of **2000**

Have questions about capital credits? Simply scan the QR code to the right or visit www.lrec.coop/capital-credits



2026 Photo Calendars

Featuring pictures of the local landscape taken by our members, printed calendars are free and will be available for pick-up at our Pelican Rapids office lobby by the end of the month. *Anticipated date of arrival is 12/20; while supplies last.*



NewsFlashes banner photo submitted by:
LREC Member Stephanie Uecker
Photo location: Lake Adley

Joel Janorschke's CEO Column is continued on page 2 →

to extreme temperatures, plant outages, and/or emergencies affecting the entire grid occurring outside of our service area.

And, while it may seem that control periods happen too frequently, consider the following: Members on our interruptible water heater program in 2024 experienced 50 instances of load control accounting for 273 hours – roughly **only 3%** of the 8,763 hours of electricity a home uses per year. *(Note: Through mid-November 2025, members on the same program have experienced 55 control periods, or 326 hours.)*

Finally, members looking to add off-peak to their billing should be aware of certain requirements; for example, a minimum 80-gallon tank is needed to participate in peak shave interruptible water heater programs.

Please know that these programs were designed with the intent to save all our members money by avoiding purchasing energy at its most expensive, and we're committed to providing as much notice as possible regarding upcoming control periods. Participating members can also sign up to receive text and/or email notifications for multiple programs on multiple phone numbers or email addresses at www.lrec.coop/loadcontrol, including information on current and next-day control.



Interested in learning more?
Scan the QR code to the left.

From ALL of us at LREC—have a safe and **warm** holiday season and Happy New Year! See you in 2026!

Cooperatively yours, **Joel Janorschke, CEO**

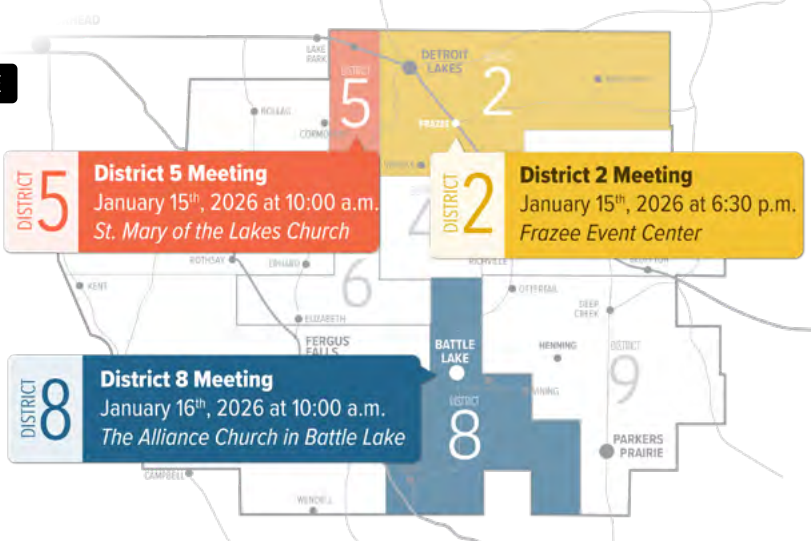


Contact the CEO ✉ Email: jjanorschke@lrec.coop ☎ Cell: (320) 292-4036

2026 District Meetings OFFICIAL NOTICE

Candidates for the LREC Board of Directors will be nominated in Districts 2, 5, and 8 at the district meetings. Meetings will be held in each of the three nominating districts. All members are invited, although only members of each district can vote. Livestreams of the meetings will be available as well.

- ➊ **District 2:** January 15th, 2026 at 6:30 p.m.
Frazee Event Center, Frazee
- ➋ **District 5:** January 15th, 2026 at 10:00 a.m.
St. Mary of the Lakes Church, Detroit Lakes
- ➌ **District 8:** January 16th, 2026 at 10:00 a.m.
The Alliance Church in Battle Lake, Battle Lake



Interested in Being a Director?

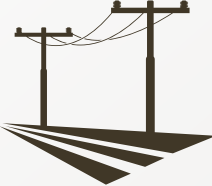
Any member interested in becoming a candidate for the Lake Region Electric Cooperative Board of Directors should visit www.lrec.coop/directorinfo or scan the QR code to learn more about the election process and responsibilities of being a director.



Update on Solar Project

After meeting with solar developer Nokomis Energy, Lake Region Electric Cooperative has decided not to move forward with the proposed 2.4 MW solar array near Pelican Lake. The project was initially shared with members at our annual meeting and on the LREC website.

Although the project qualified for New ERA funding support, higher-than-expected material costs ultimately made the project financially unworkable at this time.



STRENGTHENING THE GRID

This summer, crews began a major reliability upgrade near the Dent substation by boring a tunnel beneath water-covered areas and installing the first cabinet connections to support the new underground line.


In November, they completed Phase 2 by running cable through

the tunnel and energizing the underground service. This milestone improves line resiliency and overall reliability for members in the area.

Once the ground and surrounding lakes freeze, LREC crews will begin the final phase of retiring the overhead line, including removal of existing poles.



Our offices will be closed for **Christmas and New Years** on December 24th-25th and December 31st-January 1st.



Make sure the only thing twinkling is your decor: Check your lights before installing and don't push circuits past their limits. Follow the manufacturer's guidelines on how many light strand sections can be connected from end-to-end.



Come Join Us at the 2026 District Meetings!



District meetings are your opportunity to be involved in decisions that will impact the future of LREC. Candidates for the LREC Board of Directors will be nominated in districts **2**, **5**, and **8** at the meetings.

The **2026 District Meetings** are listed on the other side of this insert. All members are invited, although only members of each district can vote.



2026 District Meetings Locations/Times

DISTRICT 2

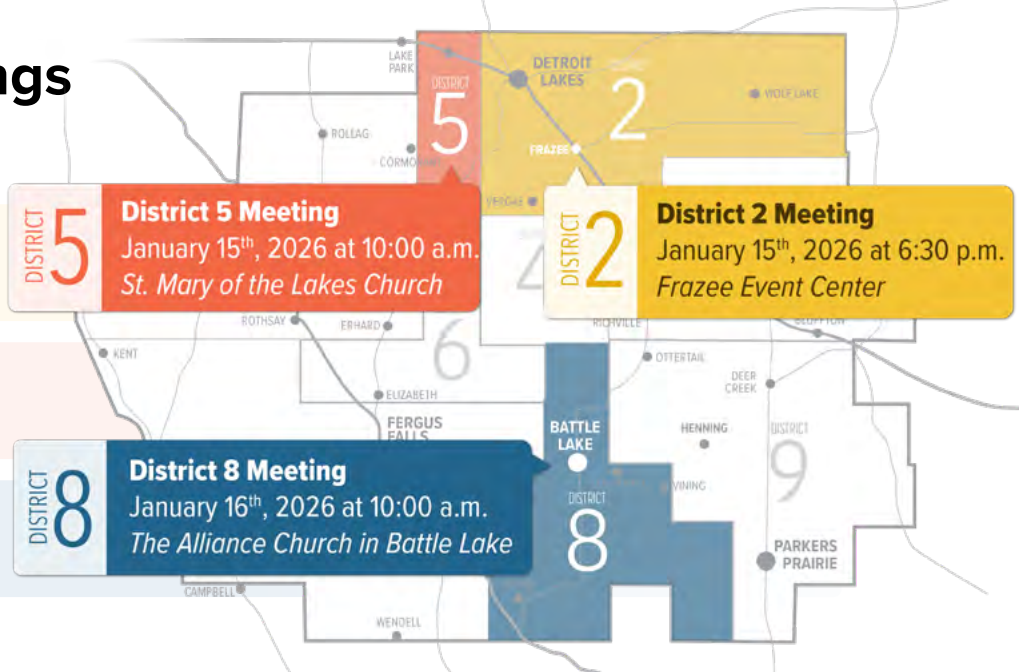
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As a member of Lake Region Electric Cooperative, **YOU** get the credit...your capital credit refund has arrived!



It's time for the members who helped build this electric cooperative to get the credit—through a *capital credit retirement*. Current members will receive their capital credit retirement through a bill credit. Former members will receive a check for the capital credit. For more information, view our FAQs at www.lrec.coop/capital-credits-faqs

Lake Region Electric Cooperative will retire **\$1.16 million** in 2025. Members who were on our service in **2008** and **2009** will receive approximately **\$1.08 million** from LREC. In addition, retirements received from other sources are passed through to our members. We are retiring **\$81 thousand** from CFC (*Cooperative Finance Corporation*) for the year of **2000**.

HOW DO CAPITAL CREDITS WORK?

Because electric coops operate at cost, any excess revenues, called margins, are returned to members in the form of capital credits.

